


**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☒**APPLICATION FOR PERMIT TO DRILL**

<b>2. TYPE OF WORK</b> DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>				<b>1. WELL NAME and NUMBER</b> NBU 1022-22N		
<b>4. TYPE OF WELL</b> Gas Well Coalbed Methane Well: NO				<b>3. FIELD OR WILDCAT</b> NATURAL BUTTES		
<b>6. NAME OF OPERATOR</b> KERR-MCGEE OIL & GAS ONSHORE, L.P.				<b>5. UNIT or COMMUNITIZATION AGREEMENT NAME</b> NATURAL BUTTES		
<b>8. ADDRESS OF OPERATOR</b> P.O. Box 173779, Denver, CO, 80217				<b>7. OPERATOR PHONE</b> 720 929-6587		
<b>10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE)</b> UTU-01198B		<b>11. MINERAL OWNERSHIP</b> FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>		<b>9. OPERATOR E-MAIL</b> mary.mondragon@anadarko.com		
<b>13. NAME OF SURFACE OWNER (if box 12 = 'fee')</b>				<b>12. SURFACE OWNERSHIP</b> FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>		
<b>15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')</b>				<b>14. SURFACE OWNER PHONE (if box 12 = 'fee')</b>		
<b>17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')</b>				<b>16. SURFACE OWNER E-MAIL (if box 12 = 'fee')</b>		
<b>18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS</b> YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>		<b>19. SLANT</b> VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>				
<b>20. LOCATION OF WELL</b>	<b>FOOTAGES</b>	<b>QTR-QTR</b>	<b>SECTION</b>	<b>TOWNSHIP</b>	<b>RANGE</b>	<b>MERIDIAN</b>
<b>LOCATION AT SURFACE</b>	515 FSL 2467 FWL	SESW	22	10.0 S	22.0 E	S
<b>Top of Uppermost Producing Zone</b>	515 FSL 2467 FWL	SESW	22	10.0 S	22.0 E	S
<b>At Total Depth</b>	515 FSL 2467 FWL	SESW	22	10.0 S	22.0 E	S
<b>21. COUNTY</b> UINTAH		<b>22. DISTANCE TO NEAREST LEASE LINE (Feet)</b> 515		<b>23. NUMBER OF ACRES IN DRILLING UNIT</b> 2040		
		<b>25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed)</b> 1500		<b>26. PROPOSED DEPTH</b> MD: 7900 TVD:		
<b>27. ELEVATION - GROUND LEVEL</b> 4945		<b>28. BOND NUMBER</b> WYB000291		<b>29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE</b> Water permit # 43-8496		

**ATTACHMENTS****VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES**

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input type="checkbox"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)	<input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER
<input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)	<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP
<b>NAME</b> Kevin McIntyre	<b>TITLE</b> Regulatory Analyst I
<b>SIGNATURE</b>	<b>PHONE</b> 720 929-6226
<b>API NUMBER ASSIGNED</b> 43047500840000	<b>DATE</b> 09/03/2008
<b>APPROVAL</b>	<b>EMAIL</b> Kevin.McIntyre@anadarko.com
 Permit Manager	

Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Surf	12.25	9.625	0	1450		
Pipe	Grade	Length	Weight			
	Grade J-55 LT&C	1450	36.0			
	Cement Interval	Top (MD)	Bottom (MD)			
		0	1450			
		Cement Description	Class	Sacks	Yield	Weight
			Premium Foamed Cement	215	1.18	15.6

Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Prod	7.875	4.5	0	7900		
Pipe	Grade	Length	Weight			
	Grade I-80 LT&C	7900	11.6			
	Cement Interval	Top (MD)	Bottom (MD)			
		0	7900			
		Cement Description	Class	Sacks	Yield	Weight
			Premium Lite High Strength	340	3.38	11.0
			Pozzuolanic Cement	1340	1.31	14.3



## KERR-McGEE OIL &amp; GAS ONSHORE LP

DRILLING PROGRAM

COMPANY NAME	KERR-McGEE OIL & GAS ONSHORE LP	DATE	August 22, 2008
WELL NAME	NBU 1022-22N	TD	7,900' MD/TVD
FIELD	Natural Buttes	COUNTY	Uintah
		STATE	Utah
ELEVATION	4,945' GL	KB	4,960'
SURFACE LOCATION	SESW 515' FSL & 2467' FWL, SEC.22, T10S, R22E		
	BHL	Straight Hole	
Latitude:	39.928525	Longitude:	-109.425853
	NAD 27		
OBJECTIVE ZONE(S)	Wasatch/Mesaverde		
ADDITIONAL INFO	Regulatory Agencies: BLM (MINERALS and SURFACE), UDOGM, Tri-County Health Dept.		

GEOLOGICAL			MECHANICAL		
LOGS	FORMATION	DEPTH	HOLE SIZE	CASING SIZE	MUD WEIGHT
		40'		14"	
			12-1/4"	9-5/8", 36#, J-55, LTC	Air mist
Catch water sample, if possible, from 0 to 3,604'					
	Green River @	0,551'			
	Top of Birds Nest Water @	884'			
	Mahogany @	1,303'			
	Preset #/ GL @				
		1,450' MD			
Note: 12.25" surface hole will usually be drilled ±400' below the bottom of lost circulation zone. Drilled depth may be ±200' of the estimated set depth depending on the actual depth of the loss zone.					
Mud logging program TBD					
Open hole logging program // TD - surf csg					
	Wasatch @	3,604'	7-7/8"	4-1/2", 11.6#, I-80 or equivalent LTC casing	Water/Fresh Water Mud 8.3-10.0 ppg
	Mverde @	5,940'			
	MVU2 @	6,817'			
	MVL1 @	7,478'			
					Max anticipated Mud required 11.5 ppg
		TD @ 7,900'			



# KERR-McGEE OIL & GAS ONSHORE LP DRILLING PROGRAM

## CASING PROGRAM

	SIZE	INTERVAL	WT.	GR.	CPLG.	DESIGN FACTORS		
						BURST	COLLAPSE	TENSION
CONDUCTOR	14"	0-40'						
						3520	2020	453000
SURFACE	9-5/8"	0 to 1450	36.00	J-55	LTC	1.18	2.98	11.05
						7780	6350	201000
PRODUCTION	4-1/2"	0 to 7900	11.60	I-80	LTC	2.61	1.34	2.51

1) Max Anticipated Surf. Press.(MASP) (Surface Casing) = (Pore Pressure at next csg point-(0.22 psi/ft-partial evac gradient x TVD of next csg point)

2) MASP (Prod Casing) = Pore Pressure at TD - (.22 psi/ft-partial evac gradient x TD)

(Burst Assumptions: TD = 11.5 ppg)

.22 psi/ft = gradient for partially evac wellbore

(Collapse Assumption: Fully Evacuated Casing, Max MW)

(Tension Assumptions: Air Weight of Casing\*Buoy.Fact. of water)

MASP 3160 psi

## CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE Option 1	LEAD	500	Premium cmt + 2% CaCl + .25 pps flocele	215	60%	15.60	1.18
	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele	50		15.60	1.18
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE Option 2	LEAD	1500	NOTE: If well will circulate water to surface, option 2 will be utilized Prem cmt + 16% Gel + 10 pps gilsonite + .25 pps Flocele + 3% salt BWOC	170	35%	11.00	3.82
	TAIL	500	Premium cmt + 2% CaCl + .25 pps flocele	180	35%	15.60	1.18
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	3,100'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	340	60%	11.00	3.38
	TAIL	4,800'	50/50 Poz/G + 10% salt + 2% gel + .1% R-3	1340	60%	14.30	1.31

\*Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained

\*Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

## FLOAT EQUIPMENT & CENTRALIZERS

SURFACE	Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe.
PRODUCTION	Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint to top of tail cement with bow spring centralizers.

## ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.

BOPE: 11" 5M with one annular and 2 rams. Test to 5,000 psi (annular to 2,500 psi) prior to drilling out. Record on chart recorder & tour sheet. Function test rams on each trip. Maintain safety valve & inside BOP on rig floor at all times. Kelly to be equipped with upper & lower kelly valves.

Drop To/Co surveys every 2000'. Maximum allowable hole angle is 5 degrees.

Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utilized.

DRILLING ENGINEER:

Brad Laney

DATE:

DRILLING SUPERINTENDENT:

Randy Bayne

NBU 1022-22N.xls

DATE:

**NBU 1022-22N  
SESW Sec. 22, T10S,R22E  
UINTAH COUNTY, UTAH  
UTU-01198B**

**ONSHORE ORDER NO. 1**

***DRILLING PROGRAM***

**1. Estimated Tops of Important Geologic Markers:**

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	551'
Bird's Nest	884'
Mahogany	1303'
Wasatch	3604'
Mesaverde	5940'
MVU2	6817'
MVL1	7478'
TD	7900'

**2. Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:**

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
	Green River	551'
	Bird's Nest	884'
	Mahogany	1303'
Gas	Wasatch	3604'
Gas	Mesaverde	5940'
Gas	MVU2	6817'
Gas	MVL1	7478'
Water	N/A	
Other Minerals	N/A	

**3. Pressure Control Equipment (Schematic Attached)**

*Please see the Natural Buttes Unit Standard Operating Procedure (SOP).*

**4. Proposed Casing & Cementing Program:**

*Please see the Natural Buttes Unit SOP.*

**5. Drilling Fluids Program:**

*Please see the Natural Buttes Unit SOP.*

**6. Evaluation Program:**

*Please see the Natural Buttes Unit SOP.*

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 7900' TD, approximately equals 4898 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3160 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates:**

*Drilling is planned to commence immediately upon approval of this application.*

9. **Variances:**

*Please see Natural Buttes Unit SOP Onshore Order #2 – Air Drilling Variance  
Kerr-McGee Oil & Gas Onshore LP (KMG) respectfully requests a variance to several requirements associated with air drilling outlined in Onshore Order 2*

- *Blowout Prevention Equipment (BOPE) requirements;*
- *Mud program requirements; and*
- *Special drilling operation (surface equipment placement) requirements associated with air drilling.*

*This Standard Operating Practices addendum provides supporting information as to why KMG current air drilling practices for constructing the surface casing hole should be granted a variance to Onshore Order 2 air drilling requirements.*

*The reader should note that the air rig is used only to construct a stable surface casing hole through a historically difficult lost circulation zone. A conventional rotary rig follows the air rig, and is used to drill and construct the majority of the wellbore.*

*More notable, KMG has used the air rig layout and procedures outlined below to drill the surface casing hole in approximately 675 wells without incident of blow out or loss of life.*

*Background*

*In a typical well, KMG utilizes an air rig for drilling the surface casing hole, an interval from the surface to surface casing depths, which varies in depth from 1,700 to 2,800 feet.*

*The air rig drilling operation does not drill through productive or over pressured formations in KMG field, but does penetrate the Uinta and Green River Formations. The purpose of the air drilling operation is to overcome the severe loss circulation zone in the Green River known as the Bird's Nest while creating a stable hole for the surface casing. The surface casing hole is generally drilled to approximately 500 feet below the Bird's Nest.*

*Before the surface air rig is mobilized, a rathole rig is utilized to set and cement conductor pipe through a competent surface formation. Generally, the conductor is set at 40 feet. In some cases, conductor may be set deeper in areas that the surface formation is not found competent. This rig also drills the rat and mouse holes in preparation for the surface casing and production string drilling operations.*

*The air rig is then mobilized to drill the surface casing hole by drilling a 12-1/4 inch hole to just above the Bird's Nest interval with an air hammer. The hammer is then tripped*

*and replaced with a 12-1/4 inch tri-cone bit. The tri-cone bit is used to drill to the surface casing point, approximately 500 feet below the loss circulation zone (Bird's Nest). The 9-5/8 inch surface casing is then run and cemented in place, thereby isolating the lost circulation zone.*

*KMG fully appreciates Onshore Order 2 well control and safety requirements associated with a typical air drilling operations. However, the requirements of Onshore Order 2 are excessive with respect to the air rig layout and drilling operation procedures that are currently in practice to drill and control the surface casing hole in KMG Fields.*

#### *Variance for BOPE Requirements*

*The air rig operation utilizes a properly lubricated and maintained air bowl diverter system which diverts the drilling returns to a six-inch blooie line. The air bowl is the only piece of BOPE equipment which is installed during drilling operations and is sufficient to contain the air returns associated with this drilling operation. As was discussed earlier, the drilling of the surface hole does not encounter any over pressured or productive zones, and as a result standard BOPE equipment should not be required. In addition, standard drilling practices do not support the use of BOPE on 40 feet of conductor pipe.*

#### *Variance for Mud Material Requirements*

*Onshore Order 2 also states that sufficient quantities of mud materials shall be maintained or readily accessible for the purpose of assuring adequate well control. Once again, the surface hole drilling operations does not encounter over pressured or productive intervals, and as a result there is not a need to control pressure in the surface hole with a mud system. Instead of mud, the air rigs utilize water from the reserve pit for well control, if necessary. A skid pump which is located near the reserve pit (see attachment) will supply the water to the well bore.*

#### *Variance for Special Drilling Operation (surface equipment placement) Requirements*

*Onshore Order 2 requires specific safety distances or setbacks for the placement of associated standard air drilling equipment, wellbore, and reserve pits. The air rigs used to drill the surface holes are not typical of an air rig used to drill a producing hole in other parts of the US. These are smaller in nature and designed to fit a KMG location. The typical air rig layout for drilling surface hole in the field is attached.*

*Typically the blooie line discharge point is required to be 100 feet from the well bore. In the case of a KMG well, the reserve pit is only 45 feet from the rig and is used for the drill cuttings. The blooie line, which transports the drill cuttings from the well to the reserve pit, subsequently discharges only 45 feet from the well bore.*

*Typically the air rig compressors are required to be located in the opposite direction from the blooie line and a minimum of 100 feet from the well bore. At the KMG locations, the air rig compressors are approximately 40 feet from the well bore and approximately 60 feet from the blooie line discharge due to the unique air rig design. The air compressors (see attachment) are located on the rig (1250 cfm) and on a standby trailer (1170 cfm). A booster sits between the two compressors and boosts the output from 350 psi to 2000 psi. The design does put the booster and standby compressor opposite from the blooie line.*

*Lastly, Onshore Order 2 addresses the need for an automatic igniter or continuous pilot light on the blooie line. The air rig does not utilize an igniter as the surface hole drilling*



*operation does not encounter productive formations.*

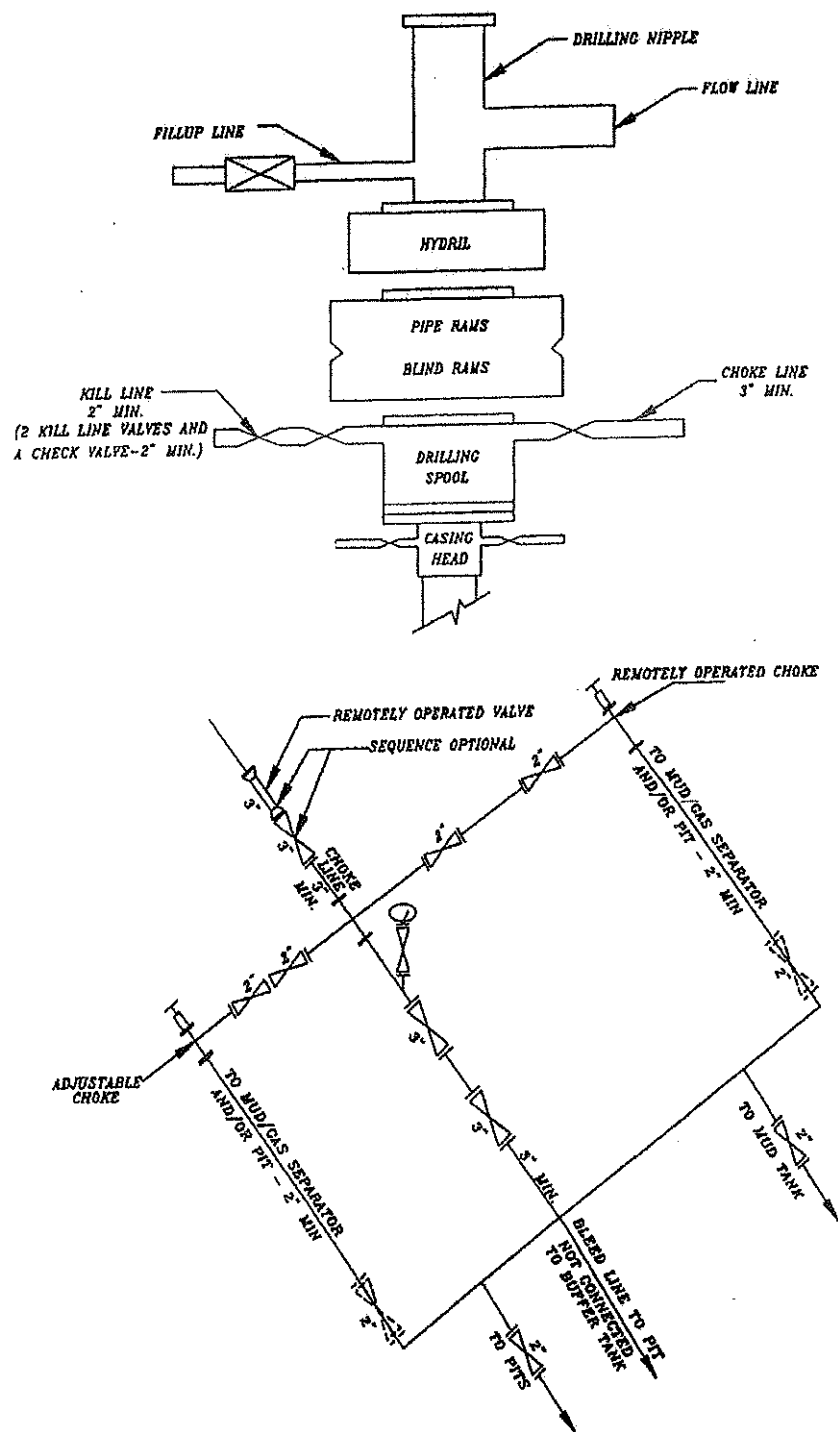
*Conclusion*

*The air rig operating procedures and the attached air rig layout have effectively maintained well control while drilling the surface holes in KMG Fields. KMG respectfully requests a variance from Onshore Order 2 with respect to air drilling well control requirements as discussed above..*

**10. Other Information:**

*Please see Natural Buttes Unit SOP.*

## EXHIBIT A



SCHEMATIC DIAGRAM OF 5,000 PSI BOP STACK

**NBU 1022-22N  
SESW Sec. 22, T10S, R22E  
UINTAH COUNTY, UTAH  
UTU-01198B**

**ONSHORE ORDER NO. 1**

***MULTI-POINT SURFACE USE & OPERATIONS PLAN***

**1. Existing Roads:**

Refer to the attached location directions.

Refer to Topo Maps A and B for location of access roads within a 2-mile radius.

**2. Planned Access Roads:**

Approximately 100' +/- of new access road is proposed. Refer to Topo Map B.

*Existence of pipelines; maximum grade; turnouts; major cut and fills, culverts, or bridges; gates, cattle guards, fence cuts, or modifications to existing facilities were determined at the on-site.*

The access road was centerline flagged during time of staking.

*Please see the Natural Buttes Unit Standard Operating Procedure (SOP).*

**3. Location of Existing Wells Within a 1-Mile Radius:**

Please refer to Topo Map C.

**4. Location of Existing & Proposed Facilities:**

*Please see the Natural Buttes Unit SOP.*

Refer to Topo Map D for the location of the proposed pipelines.

**A 96' rights-of-way will be required. Approximately 96' of 4" steel pipeline is proposed from the location to the tie-in point in Section 22, T10S, R22E. Please refer to the Topo Map D. The pipeline will be constructed utilizing existing rights were possible and pulled into place using a rubber tired tractor. The pipeline will be butt-welded together.**

**Variances to Best Management Practices (BMPs) Requested:**

Approximately 96' of 4" steel pipeline will be installed on surface within the access corridor for the well location. As a Best Management Practice (BMP), the pipeline would be buried within the access road corridor if possible. The construction of pipelines requires the corridor of 30 feet.

This exception to the BMP should be granted by the BLM Authorized Officer because indurated bedrock, such as sandstone, is at or within 2 feet of the surface and the soil has a poor history for successful rehabilitation.

All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The requested color is Carlsbad Canyon Brown (2.5Y 6/2), a non-reflective earthtone.

**Interim Surface Reclamation Plan:**

This exception is requested due to the current twin and multi-well program. If determined that this well will not be a candidate for either twinning &/or multi-well the operator shall spread the topsoil pile on the location up to the rig anchor points. The location will be reshaped to the original contour to the extent possible. The operator will reseed the area using the BLM recommended seed mixture and reclamation methods.

**5. Location and Type of Water Supply:**

*Please see the Natural Buttes SOP.*

**6. Source of Construction Materials:**

*Please see the Natural Buttes SOP.*

**7. Methods of Handling Waste Materials:**

*Please see the Natural Buttes SOP.*

A plastic reinforced liner is to be used as discussed during on-site inspection. It will be a minimum of **20 mil thick and felt**, with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will be disposed of in the pit.

Any produced water from the proposed well will be contained in a water tank and will then be hauled by truck to one of the pre-approved disposal sites: RNI, Sec. 5, T9S, R22E, NBU #159, Sec. 35, T9S R21E, Ace Oilfield, Sec. 2, T6S, R20E, MC&MC, Sec. 12, T6S, R19E, Pipeline Facility Sec. 36, T9S, R20E, Goat Pasture Evaporation Pond SW/4 Sec. 16, T10S, R22E, Bonanza Evaporation Pond Sec. 2, T10S, R23E (*Request is in lieu of filing Form 3160-5, after initial production*).

**8. Ancillary Facilities:**

*Please see the Natural Buttes SOP.*

9. **Well Site Layout:** (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

Please see the attached diagram to describe rig orientation, parking areas, and access roads.

Location size may change prior to the drilling of the well due to the current rig availability. If the proposed location is not large enough to accommodate the drilling rig. The location will be re-surveyed and a form 3160-5 will be submitted.

10. **Plans for Reclamation of the Surface:**

*Please see the Natural Buttes SOP.*

upon reclamation of the pit the following seed mixture will be used. A total of 12 lbs/acre will be used if the seeds are drilled (24 lbs/acre if the seeds are broadcast). The per acre requirements for *drilled* seed are:

Shadscale	8 lbs.
Black Sagebrush	8 lbs.
Wyoming Big Sagebrush	8 lbs.

Operator shall call the BLM for the seed mixture when final reclamation occurs.

11. **Surface/Mineral Ownership:**

United States of America  
Bureau of Land Management  
170 South 500 East  
Vernal, UT 84078  
(435)781-4400

12. **Stipulations/Notices/Mitigation:**

A close loop line is necessary, as this location is within the 100 year floodplain.

Proximity to creeks, ponds, or lakes: Bitter Creek.

Prairie Falcon Stipulation, no construction or drilling April 1<sup>st</sup> – August 31<sup>st</sup>.

13. **Other Information:**

A Class III archaeological survey and a paleontological survey have been performed and will be submitted.

This location is not within 460' from the boundary of the Natural Buttes Unit, nor is it within 460' of any non-committed tract lying within the boundaries of the Unit.

13. **Lessee's or Operator's Representative & Certification:**

Kevin McIntyre  
Regulatory Analyst I  
Kerr-McGee Oil & Gas Onshore LP  
P.O. Box 173779  
Denver, CO 80217-3779  
(720) 929-6226

Randy Bayne  
Drilling Manager  
Kerr-McGee Oil & Gas Onshore LP  
1368 South 1200 East  
Vernal, UT 84078  
(435) 781-7018

Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

Kerr-McGee Oil & Gas Onshore LP is considered to be the operator of the subject well. Kerr-McGee Oil & Gas Onshore LP agrees to be responsible under the terms and conditions of the lease for the operations conducted upon leased lands.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by Bureau of Land Management Nationwide Bond #WYB000291.

I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by the Operator, its contractors, and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

  
Kevin McIntyre

8/22/2008

Date

**Kerr-McGee Oil & Gas Onshore LP**  
**NBU #1022-22N**  
**SECTION 22, T10S, R22E, S.L.B.&M.**

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 11.2 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 9.2 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 1.2 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 1.5 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN NORTHEASTERLY DIRECTION APPROXIMATELY 0.25 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTHWEST; FOLLOW ROAD FLAGS IN A NORTHWESTERLY DIRECTION APPROXIMATELY 100' TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 54.35 MILES.



# Kerr-McGee Oil & Gas Onshore LP

**NBU #1022-22N**

LOCATED IN UINTAH COUNTY, UTAH

SECTION 22, T10S, R22E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: EASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHWESTERLY



**U E L S** Uintah Engineering & Land Surveying  
85 South 200 East Vernal, Utah 84078  
435-789-1017 uels@uelsinc.com

- Since 1964 -

## LOCATION PHOTOS

04 26 07  
MONTH DAY YEAR

PHOTO

TAKEN BY: J.R. DRAWN BY: C.P. REVISED: 00-00-00



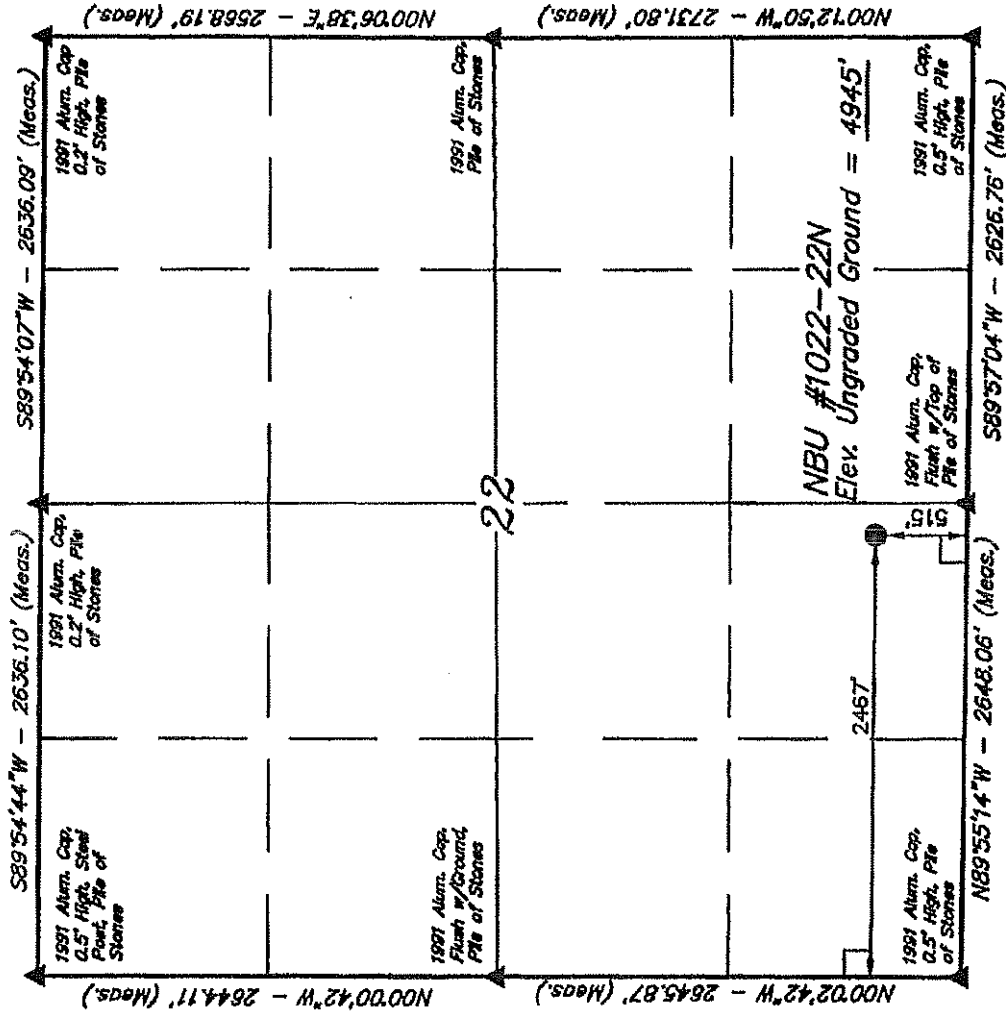
**Kerr-McGee Oil & Gas Onshore LP**  
Well location, NBU #1022-22N, located as shown in the SE 1/4 SW 1/4 of Section 22, T10S, R22E, S.L.B.&M., Uintah County, Utah.

**BASIS OF ELEVATION**

TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, T10S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN NE QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5238 FEET.

**BASIS OF BEARINGS**

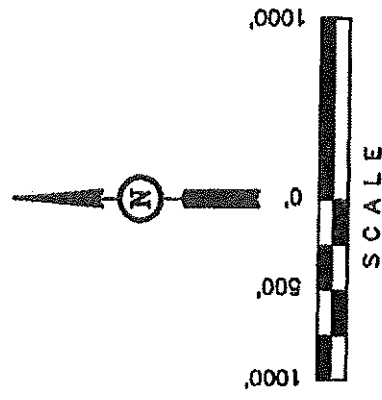
BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



**LEGEND:**

- = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

(NAD 83)  
LATITUDE = 39°55'42.57" (39.928492)  
LONGITUDE = 109°25'35.52" (109.426533)  
(NAD 27)  
LATITUDE = 39°55'42.69" (39.928525)  
LONGITUDE = 109°25'33.07" (109.425853)



THIS IS TO CERTIFY THAT THE SURVEY PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEY MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

**ROBERT L. HAY**  
REGISTERED LAND SURVEYOR  
STATE OF UTAH No. 146919

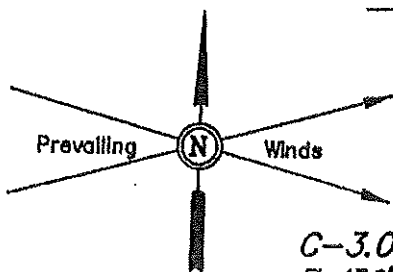
**UINTAH ENGINEERING & LAND SURVEYING**  
85 SOUTH 200 EAST - VERNAL, UTAH 84078  
(435) 788-1017

SCALE 1" = 1000'	DATE SURVEYED: 04-23-07	DATE DRAWN: 04-30-07
PARTY J.R. J.M. C.H.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE	
Kerr-McGee Oil & Gas Onshore LP		

## Kerr-McGee Oil &amp; Gas Onshore LP

## LOCATION LAYOUT FOR

NBU #1022-22N  
SECTION 22, T10S, R22E, S.L.B.&M.  
515' FSL 2467' FWL



C-3.0'  
El. 47.0'

SCALE: 1" = 50'  
DATE: 04-30-07  
Drawn By: C.H.

Sta. 3+50

## NOTE:

Flare Pit is to be located  
a min. of 100' from the  
Well Head.

El. 61.1'  
C-27.1'  
(btm. pit)

FLARE PIT

Pit Topsoil

Approx.  
Top of  
Cut Slope

Approx.  
Toe of  
Fill Slope

15' WIDE BENCH

RESERVE PITS  
(10' Deep)  
Total Pit Capacity  
1/2" of Freeboard  
= 9,850 Bbls. ±  
Total Pit Volume  
= 2,780 Cu. Yds.

SLOPE 1 1/2 : 1

15' WIDE BENCH

El. 58.8'  
C-24.8'  
(btm. pit)

## NOTES:

Reserve Pit Backfill  
& Spoils Stockpile

Elev. Ungraded Ground At Loc. Stake = 4944.6'  
FINISHED GRADE ELEV. AT LOC. STAKE = 4944.0'

PIPE TUBS

PIPE RACKS

CATWALK

C-7.2'  
El. 51.2'

C-0.6'  
El. 44.6'

C-7.2'  
El. 51.2'

C-7.2'  
El. 51.2'

C-7.2'  
El. 51.2'

C-7.2'  
El. 51.2'

C-3.2'  
El. 47.2'

C-4.3'  
El. 48.3'

LIGHT PLANT

BOILER

PUMP HOUSE

TRASH

PROPANE  
STORAGE

TOILET

TRAILER

WATER  
TANK

Sta. 0+50

F-0.6'  
El. 43.4'

Sta. 0+00

F-4.7'  
El. 39.3'

F-3.5'  
El. 40.5'

Existing Access

Proposed Access  
Road

FIGURE #1

UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East • Vernal, Utah 84078 • (435) 769-1017

## Kerr-McGee Oil &amp; Gas Onshore LP

## TYPICAL CROSS SECTIONS FOR

NBU #1022-22N

SECTION 22, T10S, R22E, S.L.B.&amp;M.

515' FSL 2467' FWL

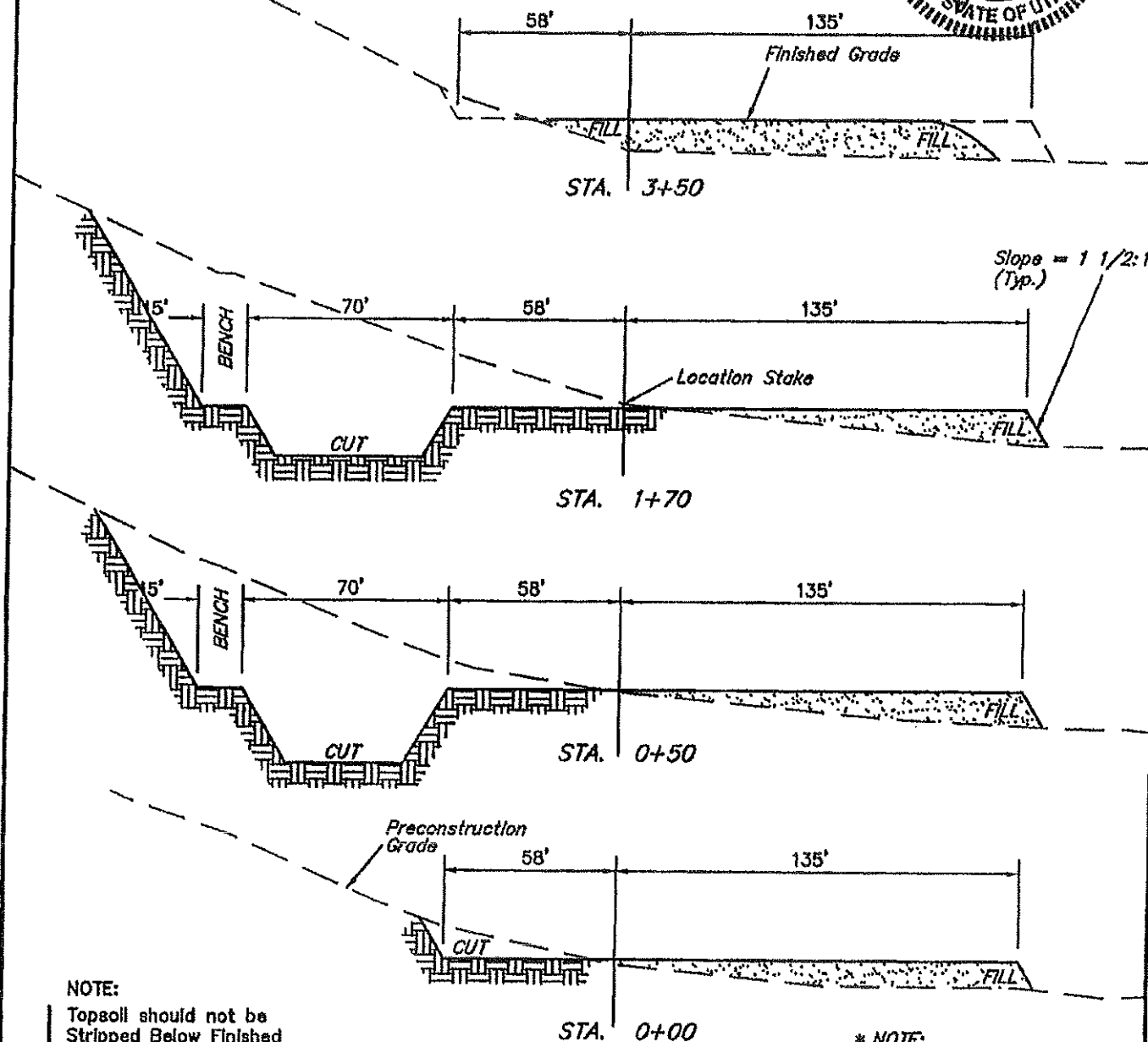
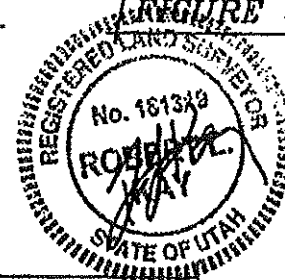
FIGURE #2

X-Section  
Scale

1" = 50'

DATE: 04-30-07

Drawn By: C.H.



## NOTE:

Topsoll should not be  
Stripped Below Finished  
Grade on Substructure Area.

## \* NOTE:

FILL QUANTITY INCLUDES  
5% FOR COMPACTION

## APPROXIMATE YARDAGES

CUT	
(6") Topsoll Stripping	= 1,920 Cu. Yds.
Remaining Location	= 13,580 Cu. Yds.
<b>TOTAL CUT</b>	<b>= 15,500 CU.YDS.</b>
<b>FILL</b>	<b>= 6,600 CU.YDS.</b>

EXCESS MATERIAL	= 8,900 Cu. Yds.
Topsoll & Pit Backfill (1/2 Pit Vol.)	= 3,310 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 5,590 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING  
86 So. 200 East • Vernal, Utah 84078 • (435) 788-1017



# Kerr-McGee Oil & Gas Onshore LP

NBU #1022-22N

PIPELINE ALIGNMENT

LOCATED IN UINTAH COUNTY, UTAH

SECTION 22, T10S, R22E, S.L.B.&M.



PHOTO: VIEW OF TIE-IN POINT

CAMERA ANGLE: WESTERLY



PHOTO: VIEW OF PIPELINE ALIGNMENT

CAMERA ANGLE: WESTERLY



**UELS** Uintah Engineering & Land Surveying  
85 South 200 East Vernal, Utah 84078  
435-789-1017 uels@uelsinc.com

PIPELINE PHOTOS

04 26 07  
MONTH DAY YEAR

PHOTO

TAKEN BY: J.R.

DRAWN BY: C.P.

REVISED: 00-00-00

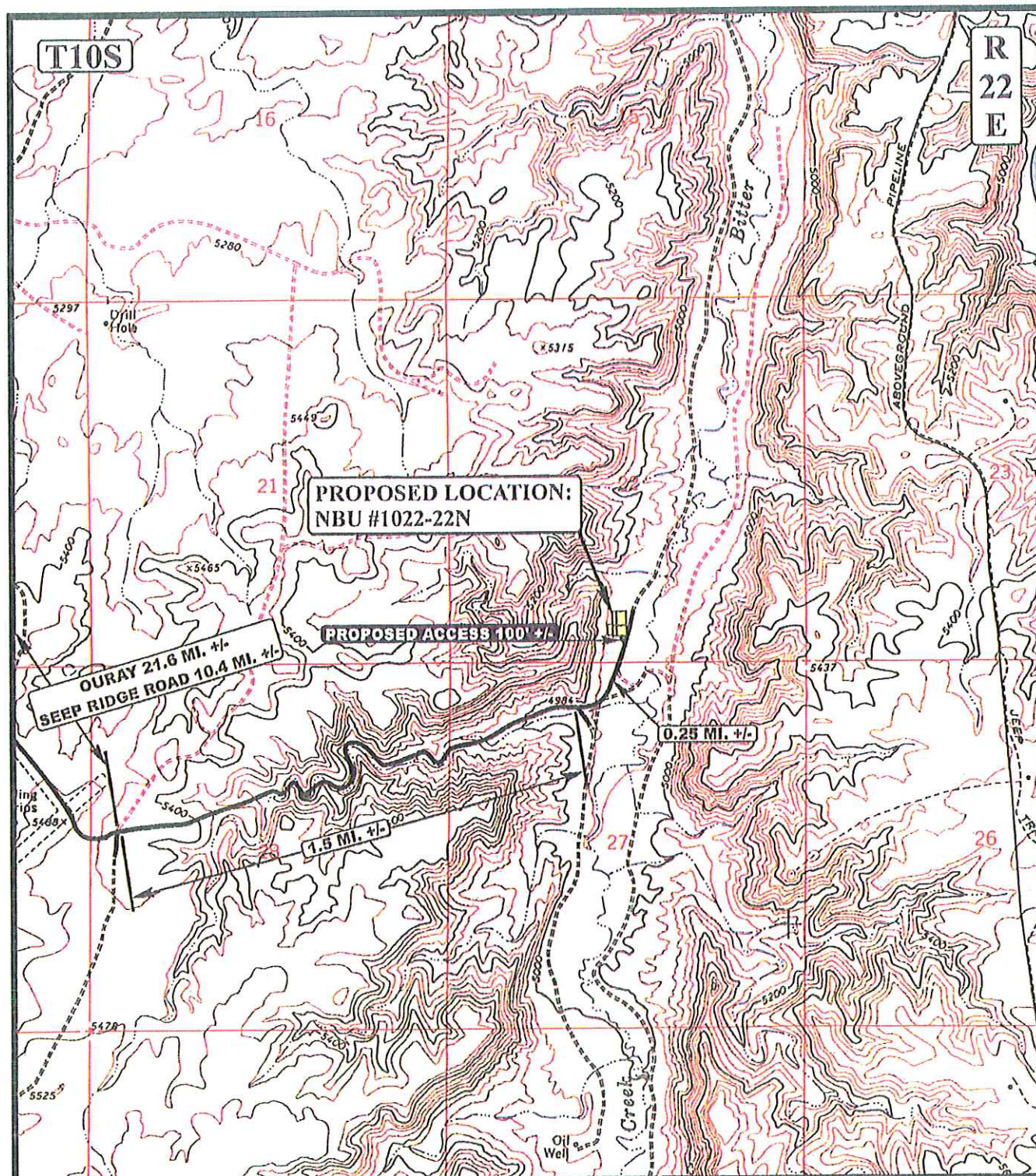


# ULIS

**A**  
**TOPIC**

SCALE: 1:100,000	DRAWN BY: C.P.	REVISED: 00-00-00
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**LEGEND:**

— EXISTING ROAD  
 - - - PROPOSED ACCESS ROAD

**Kerr-McGee Oil & Gas Onshore LP**

NBU #1022-22N

SECTION 22, T10S, R22E, S.L.B.&amp;M.

515' FNL 2467' FWL



**Uintah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813

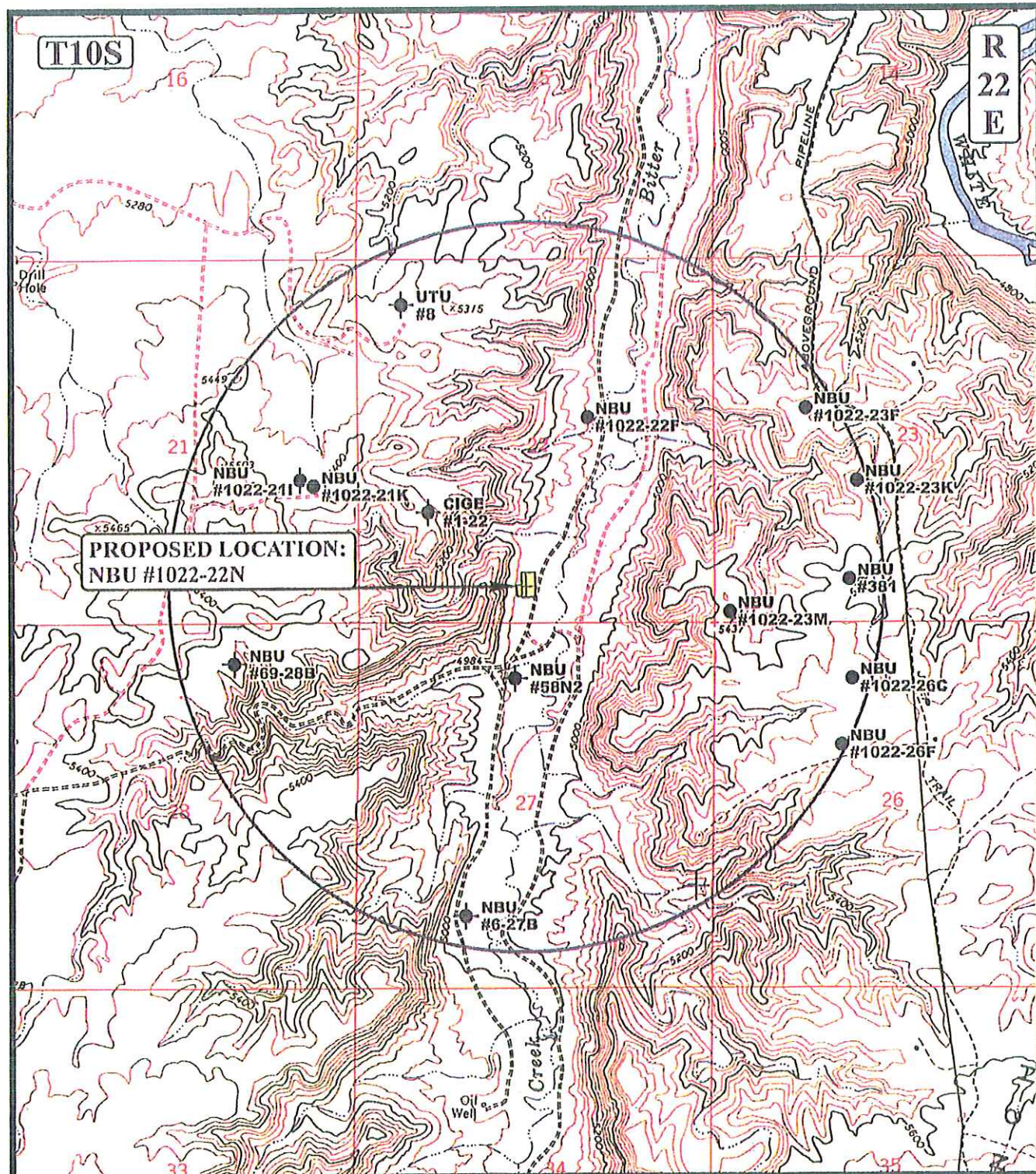
**TOPOGRAPHIC  
MAP**

04	26	07
MONTH	DAY	YEAR

**B  
TOPO**

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00



**LEGEND:**

- |                   |                         |
|-------------------|-------------------------|
| ○ DISPOSAL WELLS  | ○ WATER WELLS           |
| ● PRODUCING WELLS | ● ABANDONED WELLS       |
| ● SHUT IN WELLS   | ● TEMPORARILY ABANDONED |

**Kerr-McGee Oil & Gas Onshore LP**

NBU #1022-22N  
SECTION 22, T10S, R22E, S.L.B.&M.  
515' FNL 2467' FWL



Utah Engineering & Land Surveying  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC**  
**MAP**

**04 26 07**  
MONTH DAY YEAR

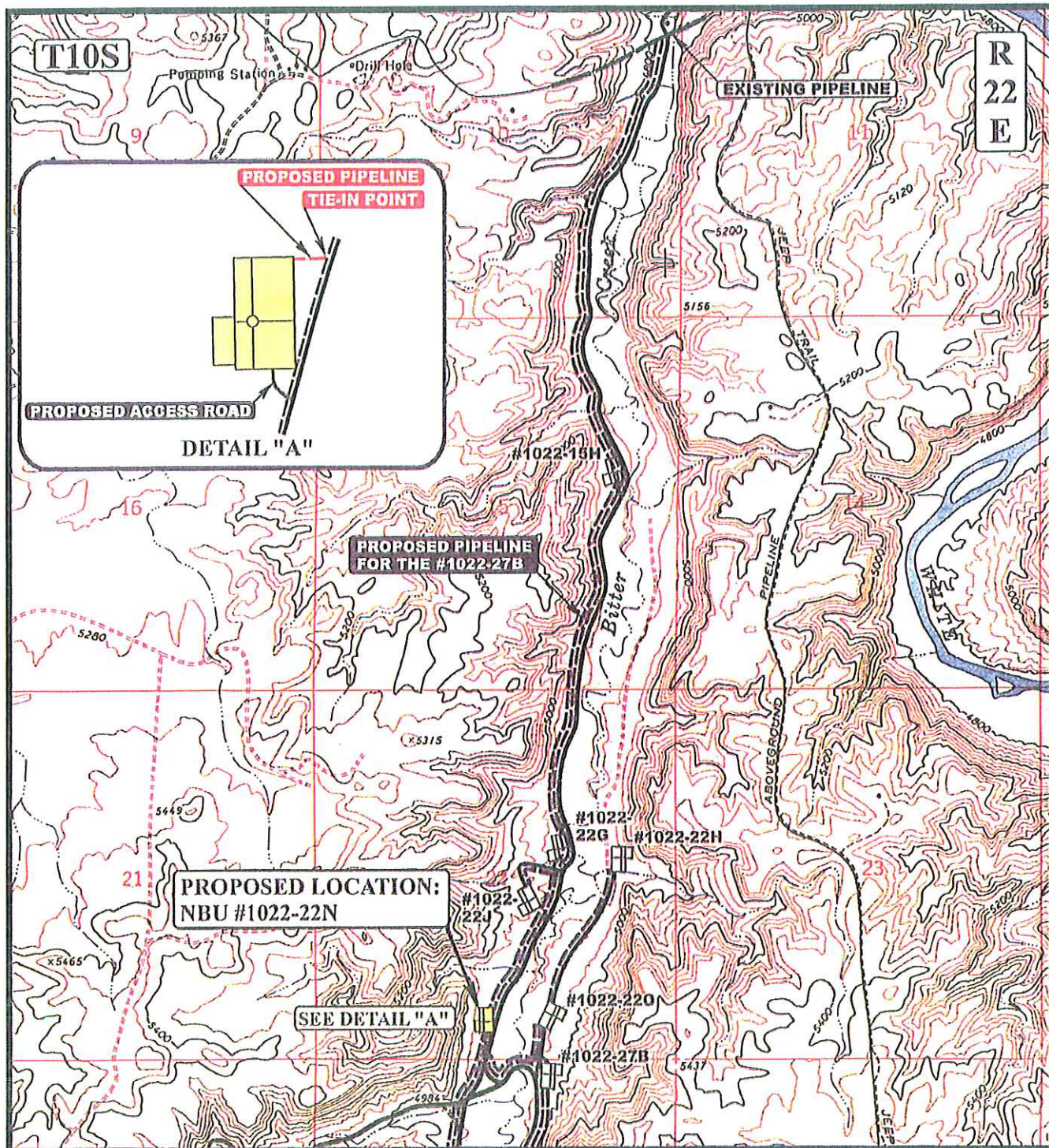
SCALE: 1" = 2000'

DRAWN BY: C.P.

REVISED: 00-00-00







APPROXIMATE TOTAL PIPELINE DISTANCE = 96' +/-

### LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- - - PROPOSED PIPELINE
- - - PROPOSED PIPELINE (SERVICING OTHER WELLS)



Kerr-McGee Oil & Gas Onshore LP

NBU #1022-22N

SECTION 22, T10S, R22E, S.L.B.&M.

515' FNL 2467' FWL



Utah Engineering & Land Surveying  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

TOPOGRAPHIC  
MAP

04 26 07  
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00





CAUSE: 173-14 / 12-2-1999

**Unit Status**

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

**Wells Status**

-  GAS INJECTION
-  GAS STORAGE
-  LOCATION ABANDONED
-  NEW LOCATION
-  PLUGGED & ABANDONED
-  PRODUCING GAS
-  PRODUCING OIL
-  SHUT-IN GAS
-  SHUT-IN OIL
-  TEMP. ABANDONED
-  TEST WELL
-  WATER INJECTION
-  WATER SUPPLY
-  WATER DISPOSAL
-  DRILLING



PREPARED BY: DIANA MASON  
DATE: 26-AUGUST-2008

# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Utah State Office  
P.O. Box 45155  
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:

3160  
(UT-922)

September 2, 2008

Memorandum

To: Assistant District Manager Minerals, Vernal District  
From: Michael Coulthard, Petroleum Engineer  
Subject: 2008 Plan of Development Natural Buttes Unit  
Uintah County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2008 within the Natural Buttes Unit, Uintah County, Utah.

API #	WELL NAME	LOCATION
-------	-----------	----------

(Proposed PZ Wasatch/MesaVerde)

43-047-50098	NBU 1022-27A Sec 27	T10S R22E 1058 FNL 0413 FEL
43-047-50095	NBU 1022-34E Sec 34	T10S R22E 1687 FNL 1113 FWL
43-047-50094	NBU 1022-35M Sec 35	T10S R22E 0683 FSL 1058 FWL
43-047-50093	NBU 1022-34F Sec 34	T10S R22E 1632 FNL 2266 FWL
43-047-50080	NBU 922-33ET Sec 33	T09S R22E 2446 FNL 0673 FWL
43-047-50084	NBU 1022-22N Sec 22	T10S R22E 0515 FSL 2467 FWL
43-047-50086	NBU 1022-1P Sec 01	T10S R22E 0310 FSL 0971 FEL

This office has no objection to permitting the wells at this time.

/s/ Michael L. Coulthard

bcc: File - Natural Buttes Unit  
Division of Oil Gas and Mining  
Central Files  
Agr. Sec. Chron  
Fluid Chron

MCoulthard:mc:9-2-08

# WORKSHEET

## APPLICATION FOR PERMIT TO DRILL

**APD RECEIVED:** 8/22/2008

**API NO. ASSIGNED:** 43047500840000

**WELL NAME:** NBU 1022-22N

**OPERATOR:** KERR-MCGEE OIL & GAS ONSHORE, L.P. (N2995)

**PHONE NUMBER:** 720 929-6226

**CONTACT:** Kevin McIntyre

**PROPOSED LOCATION:** SESW 22 100S 220E

**Permit Tech Review:** ☒

**SURFACE:** 0515 FSL 2467 FWL

**Engineering Review:** ☐

**BOTTOM:** 0515 FSL 2467 FWL

**Geology Review:** ☒

**COUNTY:** UINTAH

**LATITUDE:** 39.92855

**LONGITUDE:** -109.42578

**UTM SURF EASTINGS:** 634522.00

**NORTHINGS:** 4420803.00

**FIELD NAME:** NATURAL BUTTES

**LEASE TYPE:** 1 - Federal

**LEASE NUMBER:** UTU-01198B

**PROPOSED FORMATION:** WSMVD

**SURFACE OWNER:** 1 - Federal

**COALBED METHANE:** NO

### RECEIVED AND/OR REVIEWED:

☒ **PLAT**

☒ **Bond:** FEDERAL - WYB000291

☐ **Potash**

☒ **Oil Shale 190-5**

☐ **Oil Shale 190-3**

☐ **Oil Shale 190-13**

☒ **Water Permit:** Water permit # 43-8496

☐ **RDCC Review:**

☐ **Fee Surface Agreement**

☐ **Intent to Commingle**

### LOCATION AND SITING:

☐ **R649-2-3.**

**Unit:** NATURAL BUTTES

☐ **R649-3-2. General**

☐ **R649-3-3. Exception**

☒ **Drilling Unit**

**Board Cause No:** 173-14

**Effective Date:** 12/22/1999

**Siting:** 460' fr u bdry & uncomm. tract

☐ **R649-3-11. Directional Drill**

**Comments:** Presite Completed

**Stipulations:** 4 - Federal Approval - dmason  
17 - Oil Shale 190-5(b) - dmason



JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

## State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
*Executive Director*

Division of Oil, Gas and Mining

JOHN R. BAZA  
*Division Director*

### Permit To Drill

\*\*\*\*\*

**Well Name:** NBU 1022-22N  
**API Well Number:** 43047500840000  
**Lease Number:** UTU-01198B  
**Surface Owner:** FEDERAL  
**Approval Date:** 9/11/2008

**Issued to:**

KERR-MCGEE OIL & GAS ONSHORE, L.P. , P.O. Box 173779, Denver, CO 80217

**Authority:**

Pursuant to Utah Code Ann. §40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of CAUSE: 173-14.

**Duration:**

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date

**General:**

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

**Conditions of Approval:**

State approval of this well does not supercede the required federal approval, which must be obtained prior to drilling.

In accordance with the Order in Cause No. 190-5(b) dated October 28, 1982, the operator shall comply with the requirements of Rules R649-3-31 and R649-3-27 pertaining to Designated Oil Shale Areas. Additionally, the operators shall ensure that the surface and or production casing is properly cemented over the entire oil shale section as defined by Rule R649-3-31. The Operator shall report the actual depth the oil shale is encountered to the division.

**Notification Requirements:**

Notify the Division with 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

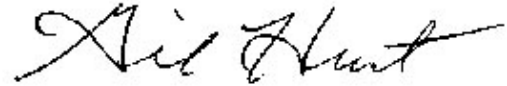
Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dustin Doucet at (801) 538-5281 office (801) 733-0983 home

**Reporting Requirements:**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

**Approved By:**

A handwritten signature in black ink, appearing to read "Gil Hunt", with a stylized, flowing script.

Gil Hunt  
Associate Director, Oil & Gas

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED  
VERNAL FIELD OFFICE

FORM APPROVED  
OMB No. 1004-0137  
Expires July 31, 2010

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.  
UTU-01198B

6. If Indian, Allottee or Tribe Name  
N/A

7. If Unit or CA Agreement, Name and No.  
891008900A

8. Lease Name and Well No.  
NBU 1022-22N

9. API Well No.  
43-047-50084

10. Field and Pool, or Exploratory  
Natural Buttes Field

11. Sec., T. R. M. or Blk. and Survey or Area  
Sec. 22, T 10S, R 22E

12. County or Parish  
Uintah

13. State  
UT

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone

2. Name of Operator  
Kerr-McGee Oil & Gas Onshore, LP

3a. Address  
P.O. Box 173779, Denver, CO 80217-3779

3b. Phone No. (include area code)  
720.929.6226

4. Location of Well (Report location clearly and in accordance with any State requirements.)  
At surface SESW 515' FSL & 2467' FWL LAT 39.928525 LON -109.425853 (NAD 27)  
At proposed prod. zone N/A

14. Distance in miles and direction from nearest town or post office\*  
23.1 miles southeast of Ouray, Utah

15. Distance from proposed\* location to nearest property or lease line, ft.  
(Also to nearest drig. unit line, if any)  
515'

16. No. of acres in lease  
2040

17. Spacing Unit dedicated to this well  
40

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft.  
1500'

19. Proposed Depth  
7900'

20. BLM/BIA Bond No. on file  
WYB000291

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
4,945' GL

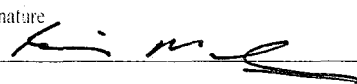
22. Approximate date work will start\*

23. Estimated duration  
10 days

24. Attachments

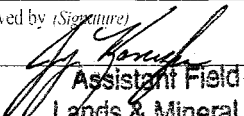
The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature  


Name (Printed Typed)  
Kevin McIntyre

Date  
08/21/2008

Approved by (Signature)  
  
Title  
Assistant Field Manager  
Lands & Mineral Resources

Name (Printed Typed)  
JERRY KEVICKS  
Office  
VERNAL FIELD OFFICE

Date  
FEB 25 2009

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

**CONDITIONS OF APPROVAL ATTACHED**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

\*(Instructions on page 2)

**NOTICE OF APPROVAL**

NOS 07-10-2007  
AFMSS# 07AP2388A

UDOGM

RECEIVED

MAR 10 2009

DIV. OF OIL, GAS & MINING



UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
VERNAL FIELD OFFICE

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



**CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL**

Company: Kerr McGee Oil & Gas Onshore LP      Location: SESW, Sec. 22, T10S, R22E  
Well No: NBU 1022-22N      Lease No: UTU-01198B  
API No: 43-047-50084      Agreement: Natural Buttes Unit

Title	Name	Office Phone Number	Cell Phone Number
Petroleum Engineer:	Matt Baker	(435) 781-4490	(435) 828-4470
Petroleum Engineer:	Michael Lee	(435) 781-4432	(435) 828-7875
Petroleum Engineer:	Ryan Angus	(435) 781-4430	(435) 828-7368
Supervisory Petroleum Technician:	Jamie Sparger	(435) 781-4502	(435) 828-3913
Supervisory NRS:	Karl Wright	(435) 781-4484	
NRS/Enviro Scientist:	Holly Villa	(435) 781-4404	(435) 828-3544
NRS/Enviro Scientist:	James Hereford	(435) 781-3412	(435) 828-3546
NRS/Enviro Scientist:	Chuck Macdonald	(435) 781-4441	(435) 828-7481
NRS/Enviro Scientist:	Dan Emmett	(435) 781-3414	(435) 828-4029
NRS/Enviro Scientist:	Paul Percival	(435) 781-4493	(435) 828-7381
NRS/Enviro Scientist:	Anna Figueroa	(435) 781-3407	(435) 828-3548
NRS/Enviro Scientist:	Verlyn Pindell	(435) 781-3402	(435) 828-3547
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	(435) 828-3545
NRS/Enviro Scientist:	David Gordon	(435) 781-4424	
NRS/Enviro Scientist:	Christine Cimiluca	(435) 781-4475	
NRS/Enviro Scientist:	Lori Ford	(435) 781-4406	

Fax: (435) 781-3420

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR  
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

**NOTIFICATION REQUIREMENTS**

Location Construction (Notify Environmental Scientist)	-	Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	-	Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	-	Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	-	Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	-	Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	-	Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

**SURFACE USE PROGRAM  
CONDITIONS OF APPROVAL (COAs)**

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

**SITE SPECIFIC COAs:**

*Company/Operator:* Kerr McGee Oil & Gas Onshore, LP (Anadarko)  
*Surface Ownership:* BLM

*Well Name & Number:* Natural Buttes Unit      *Lease Number:*

<b>Well Number</b>	<b>Lease</b>
NBU 1022-24O	UTU-0471
NBU 1022-7I	UTU-0466
<b>NBU 1022-22N</b>	<b>UTU-01198-B</b>
NBU 1022-34E	UTU-037166
NBU 1022-34F	UTU-037166
NBU 1022-35M	UTU-037167
NBU 1022-27A	UTU-0473
FEDERAL 1022-27H	UTU-0473
NBU 1022-9N-2T	UTU-01196-D
NBU 1022-5I3T	UTU-01191

*Onsite Dates:* Various  
*Location:* Sections. 5, 7, 9, 22, 24, 27, 34, 35, T10S, R22E  
*Date APD Received:* Various

**CONDITIONS OF APPROVAL:**

- Adhere to Executive Order 5327 of April 15, 1930, stipulations for lands in oil shale withdrawal.
- All applicable local, state, and/or federal laws, regulations, and/or statutes will be complied with.
- All traffic related to this action will be restricted to approved routes. Cross-country vehicle travel will not be allowed.
- No vehicle travel, construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support vehicles and/or construction equipment. If such equipment creates ruts in excess of four inches deep, the soil shall be deemed too wet to adequately support construction equipment.



- The access roads will be crowned and ditched. Flat-bladed roads are not allowed.
- If additional erosion occurs during the life of this project, more culverts, low water crossings, berms, wing ditches or etc. will be needed to control the erosion.
- All secondary drainages shall be rerouted around the location, as needed.
- Low-water crossings will be appropriately constructed to avoid sedimentation of drainage ways and other water resources.
- Pipelines will be buried at all major drainage crossings.
- Prevent fill and stock piles from entering drainages.
- The reserve pit will be lined with a 16 ml or greater liner and doubled felted prior to spudding.
- The liner is to be cut 5 feet below ground surface or at the level of the cuttings, whichever is deeper, and the excess liner material is to be disposed of at an authorized disposal site.
- When the reserve pit contains fluids or toxic substances, the operator must ensure animals do not ingest or become entrapped in pit fluids.
- If paleontological or cultural materials are uncovered during construction, the operator shall immediately stop work that might further disturb or move such materials and contact the Authorized Officer (AO) within 48 hours. A determination will be made by the AO as to necessary mitigation for the discovered paleontological/cultural material.
- If Uinta Basin hookless cactus or other special status plants are found, construction will cease and the AO will be notified to determine the appropriate mitigation.
- The interim seed mix for these locations shall be as follows

NBU 1022-24O	
( <i>Oryzopsis hymenodites</i> )	20 lbs/acre
( <i>Stipa comata</i> )	4 lbs/acre

NBU 1022-27A	
FEDERAL 1022-27H	
( <i>Artemisa nova</i> )	8 lbs/acre
( <i>Atriplex confertifolia</i> )	8 lbs/acre
( <i>Hilaria jamesii</i> )	4 lbs/acre
( <i>Stipa comata</i> )	4 lbs/acre
( <i>Oryzopsis hymenodites</i> )	4 lbs/acre

NBU 1022-9N-2T	
( <i>Hilaria jamesii</i> )	12 lbs/acre

NBU 1022-34E  
NBU 1022-34F  
    (*Oryzopsis hymenoides*)           8 lbs/acre  
    (*Atriplex confertifolia*)       8 lbs/acre  
    (*OArtemisa tridentata*)       8 lbs/acre

NBU 1022-35M  
    (*Stipa comata*)               4 lbs/acre  
    (*Hilaria jamesii*)           4 lbs/acre  
    (*Atriplex confertifolia*)   8 lbs/acre  
    (*Artemisia nova*)           8 lbs/acre

NBU 1022-22N  
NBU 1022-5I3T  
    (*Atriplex confertifolia*)       8 lbs/acre  
    (*Artemisia nova*)           8 lbs/acre  
    (*Artemisia tridentata*)       8 lbs/acre

NBU 1022-7I  
    (*Hilaria jamesii*)           15 lbs/acre  
    (*Oryzopsis hymenoides*)      10 lbs/acre

All pounds are in pure live seed.

- Rates are set for drill seeding; double the rate if broadcasting.
- Reseeding may be required if initial seeding is not successful.

- The operator will be responsible for treatment and control of invasive and noxious weeds.
- The topsoil from the reserve pit shall be stripped and piled separately near the reserve pit. When the reserve pit is closed, it shall be contoured and the topsoil spread, and the area shall be seeded in the same manner as the location topsoil to comply with natural topography.
- Once the location is plugged and abandoned, it shall be contoured to natural topography, topsoil shall be spread , and the entire location shall be seeded with a seed mix recommended by the AO (preferably of native origin). Seed application will follow all guidelines in the interim seed mix bullet statement above. If reclamation seeding should take place using the broadcast method, the seed at a minimum will be walked into the soil with a dozer immediately after the seeding is completed.
- The authorized officer may prohibit surface disturbing activities during severe winter conditions to minimize watershed damage. This limitation does not apply to operation and maintenance of producing wells.
- The authorized officer may prohibit surface disturbing activities during wet or muddy conditions to minimize watershed damage. This limitation does not apply to operation and maintenance of producing wells.
- All well facilities not regulated by OSHA will be painted Shadow Gray.
- All boulders with a length or diameter greater than 3 feet, that are found showing at the surface, will be stockpiled for use during final reclamation.

- Notify the Authorized Officer 48 hours prior to surface disturbing activities.
- To meet protection standards a closed loop drilling system with off-site facilities will be required on NBU 1022-22N, NBU 1022-24O, NBU 1022-34E, NBU 1022-34F.
- To offset impacts to these species, the following time restrictions will be applied to the following wells (No construction, drilling, completion activities will be allowed during nesting season to help protect nesting):

FEDERAL 1022-27H	Red-tailed hawk	March 15 through August 15
NBU 1022-22N	Prairie falcon	April 1 through August 31

*If it is anticipated that construction or drilling will occur during the given timing restrictions for any wildlife, a BLM or qualified biologist shall be notified so surveys can be conducted. Depending upon the results of the survey, permission to proceed may or may not be recommended or granted (depending on the species being surveyed and the condition of the habitat).*

- NBU 1022-22N, NBU 1022-34E, NBU 1022-34F are located in a crucial deer fawning habitat and a timing restriction will be required to protect the deer fawns during the fawning period of May 15 through June 30.

***DOWNHOLE PROGRAM  
CONDITIONS OF APPROVAL (COAs)***

**SITE SPECIFIC DOWNHOLE COAs:**

- None

**All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to.** The following items are emphasized:

**DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS**

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- All requirements listed in Onshore Order #2 III. E. Special Drilling Operations are applicable for air drilling of surface hole.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.

- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- While actively drilling, chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT\_VN\_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

## **OPERATING REQUIREMENT REMINDERS:**

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
  - Operator name, address, and telephone number.
  - Well name and number.
  - Well location ( $\frac{1}{4}$  $\frac{1}{4}$ , Sec., Twn, Rng, and P.M.).
  - Date well was placed in a producing status (date of first production for which royalty will be paid).
  - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
  - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
  - Unit agreement and/or participating area name and number, if applicable.
  - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.

- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.
- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.

- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.



<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>			
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		<b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> UTU-01198B			
<b>1. TYPE OF WELL</b> Gas Well		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>			
<b>2. NAME OF OPERATOR:</b> KERR-MCGEE OIL & GAS ONSHORE, L.P.		<b>7. UNIT or CA AGREEMENT NAME:</b> NATURAL BUTTES			
<b>3. ADDRESS OF OPERATOR:</b> P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779		<b>8. WELL NAME and NUMBER:</b> NBU 1022-22N			
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 0515 FSL 2467 FWL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SESW Section: 22 Township: 10.0S Range: 22.0E Meridian: S		<b>9. API NUMBER:</b> 43047500840000			
<b>PHONE NUMBER:</b> 720 929-6007 Ext		<b>9. FIELD and POOL or WILDCAT:</b> NATURAL BUTTES			
<b>COUNTY:</b> UTAH		<b>STATE:</b> UTAH			
<b>11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA</b>					
<b>TYPE OF SUBMISSION</b>	<b>TYPE OF ACTION</b>				
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: 8/30/2009  <input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:  <input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:  <input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> ACIDIZE  <input type="checkbox"/> CHANGE TO PREVIOUS PLANS  <input type="checkbox"/> CHANGE WELL STATUS  <input type="checkbox"/> DEEPEN  <input type="checkbox"/> OPERATOR CHANGE  <input type="checkbox"/> PRODUCTION START OR RESUME  <input type="checkbox"/> REPERFORATE CURRENT FORMATION  <input type="checkbox"/> TUBING REPAIR  <input type="checkbox"/> WATER SHUTOFF  <input type="checkbox"/> WILDCAT WELL DETERMINATION         </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> ALTER CASING  <input type="checkbox"/> CHANGE TUBING  <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS  <input type="checkbox"/> FRACTURE TREAT  <input type="checkbox"/> PLUG AND ABANDON  <input type="checkbox"/> RECLAMATION OF WELL SITE  <input type="checkbox"/> SIDETRACK TO REPAIR WELL  <input type="checkbox"/> VENT OR FLARE  <input type="checkbox"/> SI TA STATUS EXTENSION  <input type="checkbox"/> OTHER         </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> CASING REPAIR  <input type="checkbox"/> CHANGE WELL NAME  <input type="checkbox"/> CONVERT WELL TYPE  <input type="checkbox"/> NEW CONSTRUCTION  <input type="checkbox"/> PLUG BACK  <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION  <input type="checkbox"/> TEMPORARY ABANDON  <input type="checkbox"/> WATER DISPOSAL  <input checked="" type="checkbox"/> APD EXTENSION          OTHER:       </td> </tr> </table>		<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER:
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<b>12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.</b> Kerr-McGee Oil & Gas Onshore, L.P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. Please contact the undersigned with any questions and/or comments. Thank you.					
<div style="text-align: right;"> <b>Approved by the Utah Division of Oil, Gas and Mining</b> </div>		<b>Date:</b> August 27, 2009			
<div style="text-align: right;"> <b>By:</b> </div>					
<b>NAME (PLEASE PRINT)</b> Danielle Piernot		<b>PHONE NUMBER</b> 720 929-6156			
<b>SIGNATURE</b> N/A		<b>TITLE</b> Regulatory Analyst			
		<b>DATE</b> 8/26/2009			



## The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

### Request for Permit Extension Validation Well Number 43047500840000

**API:** 43047500840000

**Well Name:** NBU 1022-22N

**Location:** 0515 FSL 2467 FWL QTR SESW SEC 22 TWNP 100S RNG 220E MER S

**Company Permit Issued to:** KERR-MCGEE OIL & GAS ONSHORE, L.P.

**Date Original Permit Issued:** 9/15/2008

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated? ☐ Yes ☒ No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? ☐ Yes ☒ No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? ☐ Yes ☒ No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? ☐ Yes ☒ No
- Has the approved source of water for drilling changed? ☐ Yes ☒ No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? ☐ Yes ☒ No
- Is bonding still in place, which covers this proposed well? ☒ Yes ☐ No

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

**Signature:** Danielle Piernot

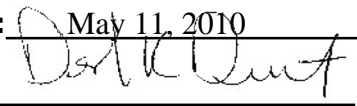
**Date:** 8/26/2009

**Title:** Regulatory Analyst **Representing:** KERR-MCGEE OIL & GAS ONSHORE, L.P.

**Date:** August 27, 2009

**By:** 

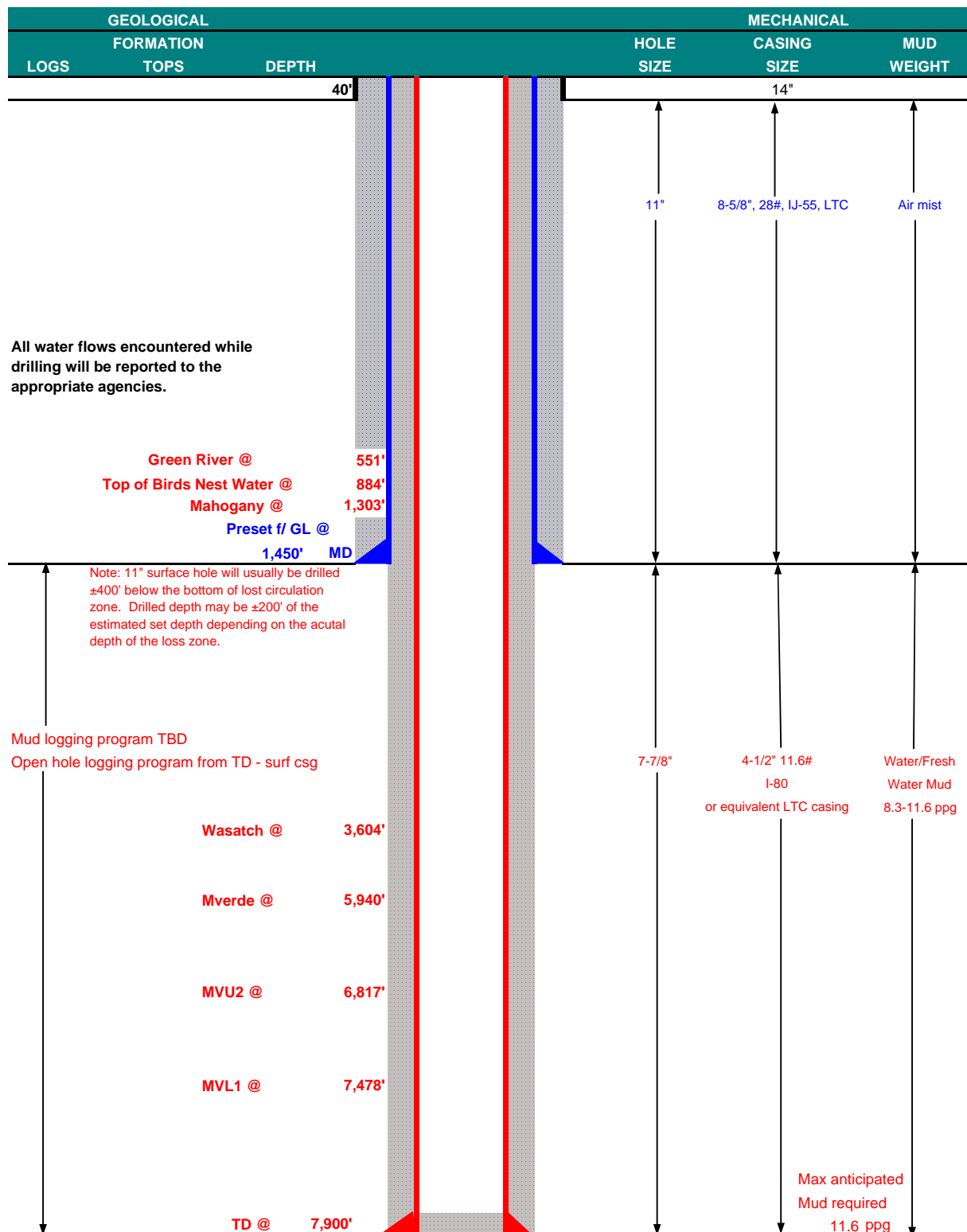
**RECEIVED** August 26, 2009

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<b>11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA</b>					
<b>TYPE OF SUBMISSION</b>	<b>TYPE OF ACTION</b>				
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: 5/17/2010  <input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:  <input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:  <input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> ACIDIZE  <input type="checkbox"/> CHANGE TO PREVIOUS PLANS  <input type="checkbox"/> CHANGE WELL STATUS  <input type="checkbox"/> DEEPEN  <input type="checkbox"/> OPERATOR CHANGE  <input type="checkbox"/> PRODUCTION START OR RESUME  <input type="checkbox"/> REPERFORATE CURRENT FORMATION  <input type="checkbox"/> TUBING REPAIR  <input type="checkbox"/> WATER SHUTOFF  <input type="checkbox"/> WILDCAT WELL DETERMINATION         </td> <td style="width: 33%; vertical-align: top;"> <input checked="" type="checkbox"/> <b>ALTER CASING</b>  <input type="checkbox"/> CHANGE TUBING  <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS  <input type="checkbox"/> FRACTURE TREAT  <input type="checkbox"/> PLUG AND ABANDON  <input type="checkbox"/> RECLAMATION OF WELL SITE  <input type="checkbox"/> SIDETRACK TO REPAIR WELL  <input type="checkbox"/> VENT OR FLARE  <input type="checkbox"/> SI TA STATUS EXTENSION  <input type="checkbox"/> OTHER         </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> CASING REPAIR  <input type="checkbox"/> CHANGE WELL NAME  <input type="checkbox"/> CONVERT WELL TYPE  <input type="checkbox"/> NEW CONSTRUCTION  <input type="checkbox"/> PLUG BACK  <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION  <input type="checkbox"/> TEMPORARY ABANDON  <input type="checkbox"/> WATER DISPOSAL  <input type="checkbox"/> APD EXTENSION            OTHER:         </td> </tr> </table>		<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input checked="" type="checkbox"/> <b>ALTER CASING</b> <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER:
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<b>12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.</b> Kerr-McGee Oil & Gas Onshore LP (Kerr-McGee) respectfully requests to change the surface casing size for this well from FROM: 9-5/8" TO: 8-5/8" due to a revised drilling procedure. The production casing will still be cemented it's entire length to the surface. Please see the attached drilling program for additional details. All other information remains the same. Please contact the undersigned with any questions and/or comments. Thank you.					
<b>Accepted by the Utah Division of Oil, Gas and Mining</b>  <b>Date:</b> May 11, 2010 <b>By:</b> 					
<b>NAME (PLEASE PRINT)</b> Danielle Piernot		<b>PHONE NUMBER</b> 720 929-6156			
<b>TITLE</b> Regulatory Analyst		<b>DATE</b> 5/6/2010			
<b>SIGNATURE</b> N/A					



# KERR-McGEE OIL & GAS ONSHORE LP DRILLING PROGRAM

COMPANY NAME KERR-McGEE OIL & GAS ONSHORE LP DATE May 6, 2010  
 WELL NAME NBU 1022-22N TD 7,900' MD/TVD  
 FIELD Natural Buttes COUNTY Uintah STATE Utah FINISHED ELEVATION 4,944'  
 SURFACE LOCATION SE/4 SW/4 515' FSL 2,467' FWL Sec 22 T 10S R 22E BHL Straight Hole  
 Latitude: 39.928492 Longitude: -109.426533 NAD 83  
 OBJECTIVE ZONE(S) Wasatch/Mesaverde  
 ADDITIONAL INFO Regulatory Agencies: BLM (MINERALS), BLM (SURFACE), UDOGM, Tri-County Health Dept.





# KERR-McGEE OIL & GAS ONSHORE LP

## DRILLING PROGRAM

### CASING PROGRAM

	SIZE	INTERVAL	WT.	GR.	CPLG.	DESIGN FACTORS		
						BURST	COLLAPSE	TENSION
CONDUCTOR	14"	0-40'				3,390	1,880	348,000
SURFACE	8-5/8"	0 to 1450	28.00	IJ-55	LTC	1.12	2.77	8.49
PRODUCTION	4-1/2"	0 to 7900	11.60	I-80	LTC	2.57	1.33	2.51

\*Burst on surface casing is controlled by fracture gradient as shoe with gas gradient above.

D.F. = 3.71

1) Max Anticipated Surf. Press.(MASP) (Surface Casing) = (Pore Pressure at next csg point-(0.22 psi/ft-partial evac gradient x TVD of next csg point))

2) MASP (Prod Casing) = Pore Pressure at TD - (0.22 psi/ft-partial evac gradient x TD)

(Burst Assumptions: TD = 11.6 ppg)

0.22 psi/ft = gradient for partially evac wellbore

(Collapse Assumption: Fully Evacuated Casing, Max MW)

(Tension Assumptions: Air Weight of Casing\*Buoy.Fact. of water)

**MASP 2,938 psi**

3) Maximum Anticipated Bottom Hole Pressure (MABHP) = Pore Pressure at TD

(Burst Assumptions: TD = 11.6 ppg)

0.59 psi/ft = bottomhole gradient

(Collapse Assumption: Fully Evacuated Casing, Max MW)

(Tension Assumptions: Air Weight of Casing\*Buoy.Fact. of water)

**MABHP 4,676 psi**

### CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500	Premium cmt + 2% CaCl	215	60%	15.60	1.18
Option 1			+ .25 pps flocele				
	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt	40		15.60	1.18
			+ 2% CaCl + .25 pps flocele				
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE		<b>NOTE: If well will circulate water to surface, option 2 will be utilized</b>					
Option 2	LEAD	1500	Prem cmt + 16% Gel + 10 pps gilsonite	140	35%	11.00	3.82
			+ .25 pps Flocele + 3% salt BWOC				
	TAIL	500	Premium cmt + 2% CaCl	150	35%	15.60	1.18
			+ .25 pps flocele				
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	3,100'	Premium Lite II + 3% KCl + 0.25 pps	280	60%	11.00	3.38
			celloflake + 5 pps gilsonite + 10% gel				
			+ 0.5% extender				
	TAIL	4,800'	50/50 Poz/G + 10% salt + 2% gel	1,340	60%	14.30	1.31
			+ 0.1% R-3				

\*Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained

\*Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

### FLOAT EQUIPMENT & CENTRALIZERS

SURFACE	Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe.
PRODUCTION	Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint to top of tail cement with bow spring centralizers.

### ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.

BOPE: 11" 5M with one annular and 2 rams. The BOPE will be installed before the production hole is drilled and tested to 5,000 psi (annular to 2,500 psi) prior to drilling out the surface casing shoe. Record on chart recorder and tour sheet. Function test rams on each trip.

Maintain safety valve and inside BOP on rig floor at all times. Most rigs have top drives; however, if used, the Kelly is to be equipped with upper and lower kelly valves.

Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utilized.

DRILLING ENGINEER:

DATE:

John Huycke / Emile Goodwin

DRILLING SUPERINTENDENT:

DATE:

John Merkel / Loyel Young

KB 06222010 Drilling Program-updated 050610.xls

**RECEIVED May 06, 2010**

## BLM - Vernal Field Office - Notification Form

Operator KERR-McGEE OIL & GAS Rig Name/# BUCKET RIG  
Submitted By ANDY LYTLE Phone Number 720.929.6100  
Well Name/Number NBU 1022-22N  
Qtr/Qtr SESW Section 22 Township 10S Range 22E  
Lease Serial Number UTU-01198B  
API Number 4304750084

Spud Notice – Spud is the initial spudding of the well, not drilling out below a casing string.

Date/Time 07/14/2010 8:00 HRS AM ☒ PM ☐

Casing – Please report time casing run starts, not cementing times.

- ☒ Surface Casing  
☐ Intermediate Casing  
☐ Production Casing  
☐ Liner  
☐ Other

RECEIVED

JUL 14 2010

DIV. OF OIL, GAS & MINING

Date/Time 07/23/2010 18:00 HRS AM ☐ PM ☒

BOPE

- ☐ Initial BOPE test at surface casing point  
☐ BOPE test at intermediate casing point  
☐ 30 day BOPE test  
☐ Other

Date/Time \_\_\_\_\_ AM ☐ PM ☐

Remarks ESTIMATED DATE AND TIME. PLEASE CONTACT  
JAMES GOBER AT 435.828.7024 FOR MORE

<div>STATE OF UTAH<div>DEPARTMENT OF NATURAL RESOURCES</div>DIVISION OF OIL, GAS, AND MINING</div>		FORM 9	
		5.LEASE DESIGNATION AND SERIAL NUMBER: UTU-01198B	
<div>SUNDRY NOTICES AND REPORTS ON WELLS</div> <div>Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.</div>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
		7.UNIT or CA AGREEMENT NAME: NATURAL BUTTES	
1. TYPE OF WELL Gas Well		8. WELL NAME and NUMBER: NBU 1022-22N	
2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.		9. API NUMBER: 43047500840000	
3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779		PHONE NUMBER: 720 929-6007 Ext	
9. FIELD and POOL or WILDCAT: NATURAL BUTTES			
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0515 FSL 2467 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SESW Section: 22 Township: 10.0S Range: 22.0E Meridian: S		COUNTY: UINTAH	
		STATE: UTAH	
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION		TYPE OF ACTION	
<div><input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:</div> <div><input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:</div> <div><input checked="" type="checkbox"/> SPUD REPORT Date of Spud: 7/14/2010</div> <div><input type="checkbox"/> DRILLING REPORT Report Date:</div>		<div><input type="checkbox"/> ACIDIZE</div> <div><input type="checkbox"/> CHANGE TO PREVIOUS PLANS</div> <div><input type="checkbox"/> CHANGE WELL STATUS</div> <div><input type="checkbox"/> DEEPEN</div> <div><input type="checkbox"/> OPERATOR CHANGE</div> <div><input type="checkbox"/> PRODUCTION START OR RESUME</div> <div><input type="checkbox"/> REPERFORATE CURRENT FORMATION</div> <div><input type="checkbox"/> TUBING REPAIR</div> <div><input type="checkbox"/> WATER SHUTOFF</div> <div><input type="checkbox"/> WILDCAT WELL DETERMINATION</div> <div><input type="checkbox"/> ALTER CASING</div> <div><input type="checkbox"/> CHANGE TUBING</div> <div><input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS</div> <div><input type="checkbox"/> FRACTURE TREAT</div> <div><input type="checkbox"/> PLUG AND ABANDON</div> <div><input type="checkbox"/> RECLAMATION OF WELL SITE</div> <div><input type="checkbox"/> SIDETRACK TO REPAIR WELL</div> <div><input type="checkbox"/> VENT OR FLARE</div> <div><input type="checkbox"/> SI TA STATUS EXTENSION</div> <div><input type="checkbox"/> OTHER</div> <div><input type="checkbox"/> CASING REPAIR</div> <div><input type="checkbox"/> CHANGE WELL NAME</div> <div><input type="checkbox"/> CONVERT WELL TYPE</div> <div><input type="checkbox"/> NEW CONSTRUCTION</div> <div><input type="checkbox"/> PLUG BACK</div> <div><input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION</div> <div><input type="checkbox"/> TEMPORARY ABANDON</div> <div><input type="checkbox"/> WATER DISPOSAL</div> <div><input type="checkbox"/> APD EXTENSION</div> <div>OTHER:  </div>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. MIRU PETE MARTIN BUCKET RIG. DRILLED 20" CONDUCTOR HOLE TO 40'. RAN 14" 36.7# SCHEDULE 10 CONDUCTOR PIPE. CMT W/ 28 SX READY MIX SPUD WELL LOCATION ON JULY 14, 2010 AT 9:00 HRS.			
NAME (PLEASE PRINT) Andy Lytle		PHONE NUMBER 720 929-6100	
TITLE Regulatory Analyst		DATE 7/15/2010	
SIGNATURE N/A			

Accepted by the  
Utah Division of  
Oil, Gas and Mining  
FOR RECORD ONLY  
July 20, 2010

<div>STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING</div>		FORM 9	
		5.LEASE DESIGNATION AND SERIAL NUMBER: UTU-01198B	
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		STATE: UTAH	
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12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.			
<div>THE ORIGINAL SPUD REPORT FOR THIS WELL REPORTED THAT THE WELL WAS SPUD AND DRILLED TO 40' AND CEMENTED W/ 28 SX READY MIX. THIS INFORMATION NEEDS TO BE REVISED. THE 20" CONDUCTOR HOLE WAS DRILLED TO 80' AND CEMENTED WITH 65 SX READY MIX CEMENT. THE SPUD DATE OF 7/14/2010 AT 09:00 HRS IS CORRECT.</div> <div>Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY July 20, 2010</div>			
NAME (PLEASE PRINT) Andy Lytle		PHONE NUMBER 720 929-6100	
TITLE Regulatory Analyst			
SIGNATURE N/A		DATE 7/19/2010	



**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 6

**ENTITY ACTION FORM**

Operator: KERR McGEE OIL & GAS ONSHORE LP Operator Account Number: N 2995  
Address: P.O. Box 173779  
city DENVER  
state CO zip 80217 Phone Number: (720) 929-6100

**Well 1**

API Number	Well Name		QQ	Sec	Twp	Rng	County
4304750084	NBU 1022-22N		SESW	22	10S	22E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
<u>B</u>	99999	<u>2900</u>	7/14/2010		<u>7/20/10</u>		
<b>Comments:</b> MIRU PETE MARTIN BUCKET RIG. <u>W57MVD</u> SPUD WELL LOCATION ON 7/14/2010 AT 9:00 HRS.							

**Well 2**

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
<b>Comments:</b>							

**Well 3**

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
<b>Comments:</b>							

**ACTION CODES:**

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

**RECEIVED**  
**JUL 15 2010**

ANDY LYTLE

Name (Please Print)

Signature

REGULATORY ANALYST

Title

7/15/2010

Date

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>			
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<b>1. TYPE OF WELL</b> Gas Well		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>			
<b>2. NAME OF OPERATOR:</b> KERR-MCGEE OIL & GAS ONSHORE, L.P.		<b>7. UNIT or CA AGREEMENT NAME:</b> NATURAL BUTTES			
<b>3. ADDRESS OF OPERATOR:</b> P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779		<b>8. WELL NAME and NUMBER:</b> NBU 1022-22N			
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 0515 FSL 2467 FWL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SESW Section: 22 Township: 10.0S Range: 22.0E Meridian: S		<b>9. API NUMBER:</b> 43047500840000			
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<b>TYPE OF SUBMISSION</b>	<b>TYPE OF ACTION</b>				
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: 6/7/2011  <input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:  <input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:  <input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> ACIDIZE  <input type="checkbox"/> CHANGE TO PREVIOUS PLANS  <input type="checkbox"/> CHANGE WELL STATUS  <input type="checkbox"/> DEEPEN  <input type="checkbox"/> OPERATOR CHANGE  <input type="checkbox"/> PRODUCTION START OR RESUME  <input type="checkbox"/> REPERFORATE CURRENT FORMATION  <input type="checkbox"/> TUBING REPAIR  <input type="checkbox"/> WATER SHUTOFF  <input type="checkbox"/> WILDCAT WELL DETERMINATION         </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> ALTER CASING  <input type="checkbox"/> CHANGE TUBING  <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS  <input type="checkbox"/> FRACTURE TREAT  <input checked="" type="checkbox"/> PLUG AND ABANDON  <input type="checkbox"/> RECLAMATION OF WELL SITE  <input type="checkbox"/> SIDETRACK TO REPAIR WELL  <input type="checkbox"/> VENT OR FLARE  <input type="checkbox"/> SI TA STATUS EXTENSION  <input type="checkbox"/> OTHER         </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> CASING REPAIR  <input type="checkbox"/> CHANGE WELL NAME  <input type="checkbox"/> CONVERT WELL TYPE  <input type="checkbox"/> NEW CONSTRUCTION  <input type="checkbox"/> PLUG BACK  <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION  <input type="checkbox"/> TEMPORARY ABANDON  <input type="checkbox"/> WATER DISPOSAL  <input type="checkbox"/> APD EXTENSION            OTHER: <input style="width: 100px;" type="text"/> </td> </tr> </table>		<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input checked="" type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>
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<b>12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.</b> The operator requests authorization to plug and abandon the subject well location. This well was spud (conductor) on 07/14/2010 and drilled to a depth of 80'. The decision has been made to plug and abandon this well location. Please see attached plugging procedure and proposed final reclamation plan. Please contact the undersigned if you have any questions and/or concerns. Thank you.					
<b>NAME (PLEASE PRINT)</b> Andy Lytle		<b>PHONE NUMBER</b> 720 929-6100			
<b>SIGNATURE</b> N/A		<b>TITLE</b> Regulatory Analyst			
<b>DATE</b> 6/6/2011		<b>Accepted by the Utah Division of Oil, Gas and Mining</b>  <b>Date:</b> 06/06/2011 <b>By:</b>			

NBU 1022-22N  
43-047-50084  
UTU-01198B  
Sec.22-T10S-R22E-SE/4 SW/4

### PLUGGING PROCEDURE

History:

Conductor spud on 7/14/2010 at 09:00 Hrs. Well was drilled to 80'. Conductor pipe was cemented in place with 65 SX Ready Mix.. Decision was made not to continue drilling remainder of wellbore.

Procedure:

Conductor I.D. = 13.5"

80' = 14.6 bbls or 79.52 cu/ft

Use Class "G" Neat at 15.6 ppg to 15.8 ppg

15.6 ppg / 1.18 yield = 67.4 sx + 5% excess if needed = 70.1 sx

15.8 ppg / 1.15 yield = 69.2 sx + 5% excess if needed = 72.7 sx

Suggest running 80' of 1" pipe to bottom of conductor / pump slurry to top out conductor / wait 48 hrs & cut off conductor at least 6' below ground level. Proceed with suggested reclamation plan if approved.

## NBU 1022-22N Final Reclamation Plan

*Prepared by:*  
**Anadarko Petroleum Corporation**  
**May 2011**



**Introduction**

The NBU 1022-22N (API # 43-047-50084) was to be a conventional natural gas well located in Uintah County, UT approximately 12 miles southeast of the town of Ouray, UT, but the location has been abandoned. The location is in section 22 of township 10S range 22E.

**Final Reclamation Objectives**

After production and operations cease, the goal of final reclamation is to return the land to a condition that approximates that which existed prior to disturbance and maintain a stable and productive condition compatible with the land use. The goal is not to achieve full ecological restoration of the site, but to achieve short-term stability, visual, hydrological and productivity objectives of the surface management agency and take steps necessary to ensure that long-term objectives will be reached through natural processes.

**Site Preparation and Revegetation**

Earthwork for final reclamation will be completed within six months of well plugging, if weather allows for such activities to take place. Disturbed areas will be revegetated after the site has been prepared. Site preparation will include resspreading topsoil to an adequate depth and may also include ripping, tilling, disking on contour, dozer track-imprinting, and/or other accepted reclamation site preparation practices. Activities such as seeding and vegetation re-establishment must be completed within the appropriate season for such activities not necessarily immediately after earthwork has been completed. Fall seeding can be conducted after August 15 until ground frost. The long term objective of final reclamation is for eventual ecosystem restoration including the restoration of the natural vegetative community, hydrology and wildlife habitats. Following well plugging, well sites that do not blend with the surrounding landform will be re-contoured.

**Well Site Reclamation**

Following well plugging, all surface equipment will be removed. The NBU 1022-22N will be re-contoured to blend with the surrounding landform and topography. Topsoil will be stripped before re-contouring and re-spread over the entire location.

**Road Reclamation**

The NBU 1022-22N has approximately 62 feet of access road to be reclaimed.

**Reclamation of Other Associated Facilities**

There are no other associated facilities with this well requiring reclamation.

**Soil Preparation**

Soil preparation will be conducted using a disk for areas in need of more soil preparation following site preparation. This will provide primary soil tillage to a depth no greater than 6 inches. Prior to reseeding, compacted areas will be scarified by ripping or chiseling to loosen compacted soils. Scarification will promote water infiltration; improve soil aeration and root penetration.

**Seed Mix and Seeding**

The White River Federal 1-14 will be seeded with a no-till rangeland style seed drill with a "picker box" in order to seed "fluffy" seed. In areas that drill seeding may not be the preferred method, the seed will be broadcast and then raked into the ground at double the rate of drill seeding. All seed will be certified and tags will be kept on hand by Anadarko Petroleum Corporation, all seed will be certified weed free.

**Shadscale Mix**

Indian Ricegrass (Nezpar)	3
Sandberg bluegrass	0.75
Bottlebrush squirreltail	1
Great Basin Wildrye	0.5
Crested wheatgrass (Ephraim)	1.5
Winterfat	0.25
Shadscale	1.5
Four-wing saltbush	0.75
Forage Kochia	0.25
<b>Total</b>	<b>9.5</b>

**Soil Amendments and Stabilization**

Additional soil amendments and stabilization may be required on sites with poor soils and greater erosion potential. The following soil amendments may be used on this location:

Sustane is an organic fertilizer that will be applied at the rate 1,800 – 2,100 lbs/acre with seed. Sustane granulated slow release fertilizers replenish the soil with essential nutrients and a rich supply of humus as required for long term soil building and plant growth. Sustane can be dry broadcast or applied with hydro-seeding equipment.

### **Erosion Control**

The slopes will be stabilized using materials specifically designed to prevent erosion in order to allow permanent establishment of vegetation. These materials will include, but are not limited to erosion control blankets, hydro-mulch, or soil amendments such as erosion control polymers

### **Monitoring**

Monitoring of the NBU 1022-22N will be completed annually during the growing season and actions to ensure reclamation success will be taken as needed. During the first 2 growing seasons an ocular methodology will be used to determine the success of the reclamation activities. During the 3rd growing season a quantitative method of 200 point line intercept basal monitoring will be conducted in order to see if the reclaimed area has met 30% desirable basal cover when compared to the native vegetation. If 30% has not been met additional seeding/reclamation efforts may be necessary (Green River District Reclamation Guidelines). Monitoring will continue until the reclaimed area reaches 75% basal cover of desirable vegetation when compared to the undisturbed adjacent native vegetation.

All monitoring reports will be submitted to the Vernal BLM no later than March 31 of the year following the data collection. (Data collected in 2010 will be submitted in 2011 and so forth.) These reports will be submitted electronically in the form of a geodatabase for use in a geographic information system (GIS).

### **Noxious Weeds**

Noxious weeds will be controlled as needed on the location. Monitoring and management of noxious and/or invasive weeds of concern will be completed annually until the project is deemed successfully reclaimed by the surface management agency and/or owner according to the Anadarko Integrated Weed Management Plan. Noxious weed infestations will be mapped using a GPS unit and submitted to the BLM with information required in the Vernal BLM Surface

Disturbance Weed Policy. If herbicide is to be applied it will be done according to an approved Pesticide Use Permit (PUP). Anadarko submits a field wide PUP annually, and this location will fall under the PUP. All pesticide applications will be recorded using a Pesticide Application Record (PAR) and will be submitted along with a Pesticide Use Report (PUR) annually prior to Dec. 31. All weed management will be done in accordance with the Vernal BLM Surface Disturbance Weed Policy.

### **Inspection and Final Abandonment Approval**

When the NBU 1022-22N has reached the final abandonment objectives, the operator will file a Final Abandonment Notice (FAN). Upon receipt of the FAN a site inspection will be completed by the management agency to ensure reclamation is fully successful and approve the FAN. The operator may request termination of the bond on the Final Abandonment Notice.



<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		<b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> UTU-01198B
<b>1. TYPE OF WELL</b> Gas Well		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>
<b>2. NAME OF OPERATOR:</b> KERR-MCGEE OIL & GAS ONSHORE, L.P.		<b>7. UNIT or CA AGREEMENT NAME:</b> NATURAL BUTTES
<b>3. ADDRESS OF OPERATOR:</b> P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779		<b>8. WELL NAME and NUMBER:</b> NBU 1022-22N
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 0515 FSL 2467 FWL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SESW Section: 22 Township: 10.0S Range: 22.0E Meridian: S		<b>9. API NUMBER:</b> 43047500840000
<b>PHONE NUMBER:</b> 720 929-6514		<b>9. FIELD and POOL or WILDCAT:</b> NATURAL BUTTES
<b>COUNTY:</b> UINTAH		<b>STATE:</b> UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
<b>TYPE OF SUBMISSION</b>	<b>TYPE OF ACTION</b>	
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE	
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> ALTER CASING	
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CASING REPAIR	
<input checked="" type="checkbox"/> DRILLING REPORT Report Date: 6/29/2012	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	
	<input type="checkbox"/> CHANGE TUBING	
	<input type="checkbox"/> CHANGE WELL STATUS	
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	
	<input type="checkbox"/> CONVERT WELL TYPE	
	<input type="checkbox"/> DEEPEN	
	<input type="checkbox"/> FRACTURE TREAT	
	<input type="checkbox"/> NEW CONSTRUCTION	
	<input type="checkbox"/> OPERATOR CHANGE	
	<input type="checkbox"/> PLUG AND ABANDON	
	<input type="checkbox"/> PLUG BACK	
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	<input type="checkbox"/> RECLAMATION OF WELL SITE	
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	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	
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	<input type="checkbox"/> VENT OR FLARE	
	<input type="checkbox"/> WATER DISPOSAL	
	<input type="checkbox"/> WATER SHUTOFF	
	<input type="checkbox"/> SI TA STATUS EXTENSION	
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	
	<input type="checkbox"/> OTHER: <input style="width: 100px;" type="text"/>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. <div style="text-align: center; padding: 20px;"> <b>NO ACTIVITY JUNE 2012.</b> </div> <div style="text-align: right; padding: 20px;"> <b>Accepted by the          Utah Division of          Oil, Gas and Mining          FOR RECORD ONLY          June 29, 2012</b> </div>		
<b>NAME (PLEASE PRINT)</b> Cara Mahler	<b>PHONE NUMBER</b> 720 929-6029	<b>TITLE</b> Regulatory Analyst I
<b>SIGNATURE</b> N/A	<b>DATE</b> 6/29/2012	

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>
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<b>3. ADDRESS OF OPERATOR:</b> P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779		<b>8. WELL NAME and NUMBER:</b> NBU 1022-22N
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<b>PHONE NUMBER:</b> 720 929-6514		<b>9. FIELD and POOL or WILDCAT:</b> NATURAL BUTTES
<b>COUNTY:</b> UINTAH		<b>STATE:</b> UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
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<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> ALTER CASING	
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CASING REPAIR	
<input checked="" type="checkbox"/> DRILLING REPORT Report Date: 4/5/2013	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	
	<input type="checkbox"/> CHANGE TUBING	
	<input type="checkbox"/> CHANGE WELL STATUS	
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	
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	<input type="checkbox"/> WILDCAT WELL DETERMINATION	
	<input type="checkbox"/> OTHER: <input style="width: 100px;" type="text"/>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. No Activity for the month of March 2013. Well TD at 40 ft.		
Accepted by the Utah Division of Oil, Gas and Mining <b>FOR RECORD ONLY</b> April 05, 2013		
<b>NAME (PLEASE PRINT)</b> Doreen Green	<b>PHONE NUMBER</b> 435 781-9758	<b>TITLE</b> Regulatory Analyst II
<b>SIGNATURE</b> N/A	<b>DATE</b> 4/5/2013	

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>
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<b>PHONE NUMBER:</b> 720 929-6511		<b>9. FIELD and POOL or WILDCAT:</b> NATURAL BUTTES
<b>COUNTY:</b> UINTAH		<b>STATE:</b> UTAH
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<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CASING REPAIR	
<input checked="" type="checkbox"/> DRILLING REPORT Report Date: 5/3/2013	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	
	<input type="checkbox"/> CHANGE TUBING	
	<input type="checkbox"/> CHANGE WELL STATUS	
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	
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12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. No Activity for the month of April 2013. Well TD at 40 ft.		
Accepted by the Utah Division of Oil, Gas and Mining <b>FOR RECORD ONLY</b> May 09, 2013		
<b>NAME (PLEASE PRINT)</b> Luke Urban	<b>PHONE NUMBER</b> 720 929-6501	<b>TITLE</b> Regulatory Specialist
<b>SIGNATURE</b> N/A	<b>DATE</b> 5/3/2013	